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ABSTRACT

This document, prepared by consultants of Operation PEP, consists of two separate parts. The first discusses relevant aspects of county school service fund budgeting; the second, the preparation and approval of school district budgets. The principal referent for discussion in both cases is the budgetary requirements of educational agencies in California. Research for this project was provided by an ESEA Title III grant. (Author)

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BUDGETING IN CALIFORNIA INTERMEDIATE AND LOCAL EDUCATION AGENCIES

Part I

COUNTY SCHOOL SERVICE FUND BUDGET

By

The Staff of the San Mateo County
Superintendent of Schools Office

Part II

BUDGET PREPARATION AND APPROVAL FOR A CALIFORNIA SCHOOL DISTRICT

By

Fred O. Goodell

As Consultants to:

OPERATION PEP: A State-wide Project to
Prepare Educational Planners for California

EA 003 503

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February 1970

PREFACE

This document consists of two separate parts which were prepared by consultants of OPERATION PEP. The first document discusses relevant aspects of county school service fund budgeting. The second document discusses the preparation and approval of school district budgets. The principal referent for discussion in both cases is budgetary requirements of educational agencies in California.

One of the principal concerns of a planning-programming-budgeting system is the development of an annual budgeting cycle or a calendar of budgeting events. Critical deadlines or events are delineated in the calendar and budgeting activities must be completed within the time period preceding the event. This will require careful planning and scheduling by the management staff. The principal concern of the authors was not to present a complete discussion of budgeting in educational agencies; rather, they were asked to prepare a description of budgeting practices which would provide time-oriented insight for their readers.

The staff of OPERATION PEP wishes to acknowledge the cooperation and efforts of Fred O. Goodell, Byron C. Curry and staff members of the San Mateo County Superintendent of Schools Office in the preparation of this document.

Donald R. Miller
Burlingame, California

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Part I

COUNTY SCHOOL SERVICE FUND BUDGET

Introduction

While almost every administrator has some knowledge of the school district budget, very few, even in the county office, are intimately acquainted with the County School Service Fund Budget.

The County School Service Fund Budget is largely an activity or project budget and the activities, projects or services are meticulously defined in the law.

For this reason, we describe below the structure of the budget before proceeding with the steps in development.

County School Service Fund Budget

The County School Service Fund Budget is a combination of several budgets as follows:

I. J72A State-Supported Services*

A. Supervision Services:

These are direct services to teachers in elementary school

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*Although direct services in these fields are provided as indicated, any district may contract with the county office at cost for such direct services (see J72B).

districts of less than 900 ADA, high school districts with less than 300 ADA and unified districts with less than 1500 ADA. These districts received $10.00 per ADA less on their Foundation Program to provide this support. These services are of a general curricular and in-service aid type of relationship and are provided free of charge to the district.

B. Health Services:

Much the same as Supervision Services with the provision of a school nurse as the supervising agent.

C. Pupil Personnel Services:

Same as above with direct guidance and attendance services.

D. Audio-Visual Services:

A centralized activity in the field of audio-visual aids in which state support and local district contracts finance a film library and a central delivery service to all school districts. Formula provides that one-half or more of the support must come from the districts involved. There are several manners of district contribution in the different counties such as:

1. Equalization formula on assessed value
2. Population formula on ADA of a district
3. Combination of (1) and (2) above
4. Open-end contract with charge per film serviced

E. Library Services:

There are two phases possible in this service area:

1. A centralized textbook and supplementary textbook service for smaller school districts. The participating

districts transfer their Library Funds to the county.

2. A professional library in the county schools office including research services and educational information services. This operation is supported entirely from state funds.

F. Coordination Services:

The most important function of the educational services of the county office and usually the largest single item in the budget. It provides for the coordination of service to the administrative level of the school district in the fields of Curriculum, Health, Pupil Personnel, Attendance and Welfare, and Guidance. The limitation that these coordinative efforts should operate only at the district administrative level has recently been modified so that it is now possible to conduct in-service training for groups of teachers, counselors and department heads at the intra- and inter-district levels.

G. Teacher Services:

This operation provides for the screening and direction of teachers to the various districts and to control the application procedures for credentialling. In a county where there is a central payroll procedure, this service is closely allied to payroll in order that all active teachers being reimbursed have the proper credential for the service rendered.

H. Administration and Accounting:

Although the charges for district accounting are borne by the General Fund (J72E), accounting for the County School Service Fund is supported by the state. The county superintendent may

either conduct the accounting in his own office or contract with the county controller to do the work.

II. J72B Contract-Supported Services

A. Supervision

B. Health

C. Pupil Personnel:

Direct services in the above fields may be contracted by districts larger than those noted in I-A above. The extent to which this occurs in each county varies greatly due to individual circumstances. In many cases, a district which has just passed the ADA line for free services finds this contract status more economical than attempting to provide the service internally.

D. Joint Services under Education Code Section 13528:

This is a situation in which two or more districts wish to share an employee. They may jointly contract with the county superintendent for the service and the county superintendent employs a person and prorates the cost to the districts involved. This usually occurs in a specialist field or in small districts which cannot support a full-time specialist.

E. Data Processing Services:

These services include scheduling, report cards, failure lists, transcripts, personnel records and attendance. Test scoring is also conducted by contract. It should be remembered that payroll and school district accounting are not a contract activity, as the law states that these are a County General Fund charge. Many counties are either not doing data processing

or are contracting with a center in another county. Thus, this section of the budget will not appear in many county budgets.

III. J72E General Fund

The distinction between a county which has approved a "Single Budget" for the County Board and one which has not is that in the "Single Budget" county, the Board of Supervisors has turned over the ability to levy a tax to the County Board of Education. Budgetary functions and procedures remain the same with the exception that the General Fund Tax does not include the budget of the county superintendent; and the tax levied by the County Board of Education is stated separately on the annual tax bill. The Board of Supervisors retains a vestige of control in these counties as they are able to curtail the total amount of the budget, but not by line or activity.

The activities in this portion of the budget are not as severely limited as are those in the State-Supported Budget (J72A) inasmuch as, while the Education Code limits the General Fund activities from state support, it does not limit the General Fund from supporting County Service Fund activities. This is especially true in a "Single Budget" county where the Board of Education has the power to levy the tax. In other counties this can only be true if the Board of Supervisors approves the activity.

Thus, it may be possible to find Coordination activities being supported by the General Fund section of the total budget as well as in the state-supported section.

The General Fund Budget has the following divisions:

A. Activities supported under the heading of County Board of Education:

Here we find activities concerning projects approved by the County Board of Education such as publication of materials, employment of personnel for special projects and operating and travel expenses of the County Board of Education.

B. Activities supported under the heading of County Superintendent of Schools:

All of the "housekeeping" fiscal control, invoice warrant procedures, payroll procedures and accounting for all districts of the county are carried on within this section of the budget with no support from the local school districts or the state. The General Fund tax levied for these activities is provided by law and only contract requests for services beyond the routine mandated procedures which may be requested by a district can be contracted.

For instance, a county must provide payroll services and major classification accounting on a monthly basis. However, should a district request that its internal accounting be done by the county, this would constitute a contract situation in which the district would have to reimburse the county superintendent at cost.

C. Activities of the County Committee on School District Organization:

Although this is a minor portion of the budget, it is created

by the Education Code which provides that, in addition to being secretary to the Committee, the County Superintendent of Schools shall provide statistics and reports for the Committee and that meeting and travel expenses of the Committee members shall be paid from the General Fund of the county.

D. In "Single Budget" counties, there may be a heading of Personnel Commission activities:

In "Single Budget" counties, a Merit System is mandated by a law which provides that if there was a Civil Service Commission in the county previous to the granting of "Single Budget" status, there must be a Merit System in the county schools organization.

A Commission of three members is created by appointments by:

1. County Board of Education
2. State Superintendent of Public Instruction
3. State Personnel Executive Officer

This Commission may appoint a director of personnel and provide a budget for secretarial and operational expenses.

This operation then works under Merit System procedures to recruit, test, classify and employ all Classified personnel for the county office and the special schools and projects conducted by the Board of Education or the County Superintendent of Schools.

IV. J72C Special Education

This section of the budget differs from the remainder in that it

is structured more on the basis of a school district budget and is a school operation.

The County Superintendent of Schools, with the approval of the County Board of Education, may conduct special schools and/or classes for physically handicapped pupils, mentally retarded pupils and inmates of juvenile halls.

These budgets have two sources of support inasmuch as the attendance of children is reimbursed on an ADA basis as well as special foundation programs. Above this state support, the County Board of Education levies county-wide taxes to provide support.

Federal Programs

While Federal programs are part of the County School Service Fund Budget, the procedure for inclusion is somewhat different:

1. They are not included in the budget until approved by local board, state and/or Federal authorities. Then, they are included as a budget revision.
2. Approval dates do not necessarily meet deadlines for approval of the County School Service Fund Budget and the above noted revisions may occur at almost any time of year.
3. When submitted as a revision, they are practically automatic as state and/or Federal authorities have previously approved. Accounting for these funds is handled in precisely the same manner as any other part of the total budget.

Schedule for County School Service Fund Budget Preparation

It should be noted that although a larger majority of the County School Service Fund Budget support is from ADA, contracts and local county taxes, the entire budget must be approved by the State Department of Education, as must all transfers during the budget year.

The schedule for filing these budgets is as follows:

J72A State-Supported Services	February 1
J72B Contract Services	February 1
J72C Special Schools and Classes Maintained	April 1
J72D Special County School Funds	April 1
J72E General Fund	February 1
J72F Federal Programs	(As approved)

While these budgets must be filed with the State Department of Education by the required deadlines, any changes deemed desirable may be made by the County Board of Education before its public hearing in the first week of August. The constraint here is clearly evident, inasmuch as the submitted budget is subject to revisions for four months before either final county or state approval is obtained.

Budget preparation for the succeeding year begins shortly after present year approval. Proposals for salary, projects, maintenance and capital outlay are submitted in the following manner:

In the Class III county used as a demonstration, there are three main divisions as follows:

1. Business Division

   Payroll
   Accounting
   Retirement
   Data Processing
   Credentials

2. Education Division

   Curriculum

Health
Pupil Personnel
Audio-Visual
Library
Guidance
Welfare and Attendance
Intergroup Education
Vocational Education

3. Special Schools Division

Physically Handicapped
Mentally Retarded
Juvenile Hall

Although not part of the permanent organization table, a fourth division, Federal Projects, has been created. In this division are the PACE Project and the PEP Project.

Early in the fall of each year the division heads are alerted that tentative budget proposals must be in by the first of the year. During the succeeding months, budget activity is largely that of the subdivisions in forecasting their future needs, making suggestions to the division heads, ironing out differences and setting priorities. These suggestions are turned over to the Business Division for costing in case they are approved.

During the time that the subsections are working with the division heads, the proposals which come to the top are usually those developed during staff meetings of coordinators, consultants, principals and teachers. It is necessary that everyone from the lowest professional position to the top should be acquainted with the various proposals and this necessity means that good communication, both intra- and inter-division, must be kept alive. In fact, the better this inter-communication is during the early stages of budget development, the less probability of strong, militant attitudes from the Negotiating Council input in the spring. Our own policy is to keep this inter-communication active, both inter-level and intra-level, throughout the

entire budget development. This does not mean that we forestall all Negotiating Council demands, but rather that we become aware of differences in goals early in the process and continue to lessen these gaps throughout the process.

By January, the division head has a fairly clear picture of his needs for the coming year in December and January division heads spend much time with the county superintendent in administrative staff meetings concerning priorities of expenditures, costs of new proposals and personnel and bringing the needs of the three divisions together in one document. <u>During this time the business office is consolidating figures, forecasting costs and preparing the routine parts of the budget which can be somewhat accurately forecast</u>.

Also at this time the county superintendent and the administrative staff are receiving proposals from the Negotiating Council concerning salaries, fringe benefits and matters of grievance concerning past and future operation. These proposals must be fed into the on-going budget development in a tentative fashion inasmuch as, at this time, the administrative staff is not sure which proposals may be approved by the board. This is a material constraint as all proposals must be analyzed for cost, answering proposals must be prepared and many negotiation meetings must be held before the "package" can be brought before the Board in the interim budget proposals.

By May most requests and proposals have been given approval or disapproval by the Board and priorities have been allocated. As each item has been firmed up, it is given to the business office to be included in the budget so that by this time a more complete picture of the new year operation is available and discussions begin at the Board level in preparation

for the final hearing in the first week of August.

During this period the Board is receiving all changes recommended on the original tentative budget submitted in the previous January. Each Board meeting agenda carries an item on budget and the staff must be prepared to discuss pertinent items of change. In this manner the Board becomes fully acquainted with all parts of the budget before the final hearing which is usually conducted with some brevity.

The time line for the above resume is in essence as illustrated in the chart on the following page.

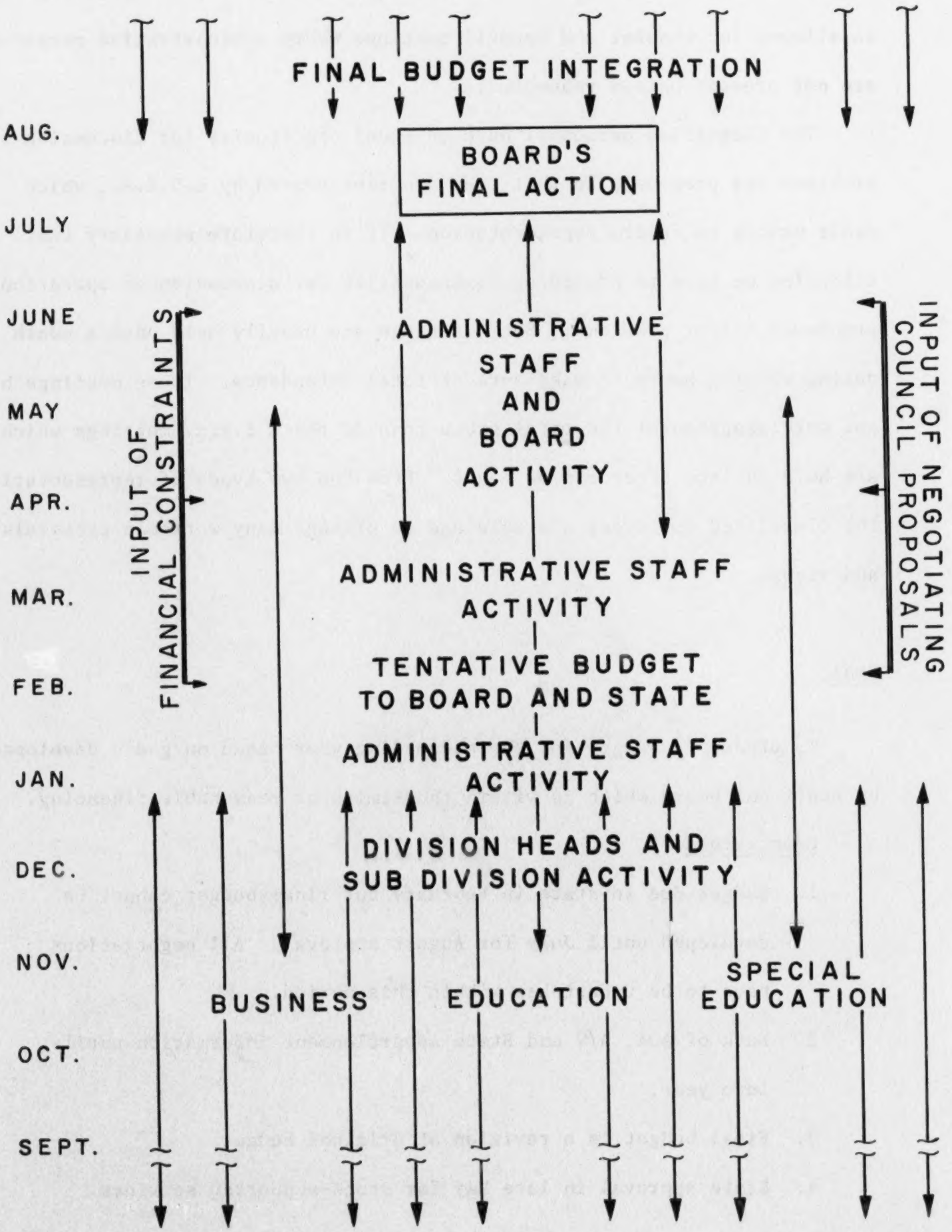
Opportunities for Staff Participation in Budget Development

A county office, in most minds, is a central office with a tight-knit staff easily accessible to one another. This is true only of the Business Division and a small group of consultants, coordinators and directors. Outside of the office, and in various locations throughout the county, are well over half of the Classified staff and two-thirds of the Certificated staff.

Because the Certificated group all fall under the CTA Chapter and the Negotiating Council is composed only of CTA members, the county is able to use school site locations to elect representatives to the Negotiating Council. These school representatives are the two-way communication between the levels which deal with the administrative staff and the level of the individual teacher. Thus, the teacher has two ways to make known her ideas. First, through the regular school administrative meetings and secondly, through the council representative of her school.

The same is true of other Certificated personnel centrally located.

TIME LINE OF ANNUAL BUDGETARY ACTIVITIES



Weekly staff meetings are held by the division head and, in addition, time is allowed for chapter and council meetings where administrative personnel are not present unless requested.

The Classified personnel have an equal opportunity for discussion of problems and proposals in that they are represented by C.S.E.A., which deals mainly in salary representation. It is therefore necessary that attention be paid to providing opportunities for discussion of operational proposals and/or problems. Such meetings are usually held once a month during working hours to make sure of total attendance. These meetings bring out more reaction of the total group than do the C.S.E.A. meetings which are held in late afternoon or night. From the two types of representation the Classified employees are able and do present many workable proposals and views.

Goal

To produce a budget for the succeeding year based on goals developed by staff and Board which is within the limits of reasonable financing.

Constraints:

1. Budget due in state in February but final budget cannot be developed until July for August approval. All negotiations have to be undertaken within this period.
2. Lack of ADA, A/V and State Apportionment information until late year.
3. Final budget is a revision of original budget.
4. State approval in late May for state-supported services.

County Superintendent:

1. To supervise the development of a single budget from six separate budgets
2. To work closely with administrative staff and Board
3. To keep information flowing at intra- and inter-budget levels
4. To make final recommendations to Board

Assistant Superintendents:

1. To work as administrative staff and board of control for development of goals, proposals and constraints
2. To work as coordinator of division, goals and proposals

Coordinators

Principals

Teachers:

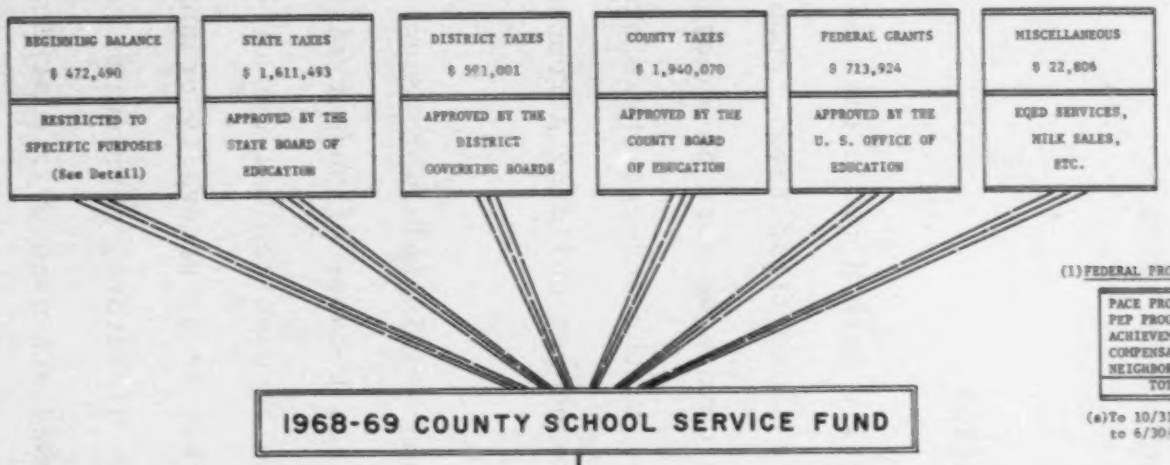
1. To propose needs for better operations
2. To bring attention to operational difficulties
3. To consult on short- and long-term goals
4. To be active in Negotiating Council activities in salaries, fringe benefits and working conditions

Business Department:

1. To analyze all proposals and give costs and other rationale to

administrative staff and County Board on an up-to-date basis. Without this continuing service throughout budget development, the "limits of reasonable financing" would be completely absent from the over-all goal.

FINANCIAL SUPPORT OF THE 1968-69 ACTIVITIES OF THE
SAN MATEO COUNTY BOARD OF EDUCATION AND THE COUNTY SUPERINTENDENT OF SCHOOLS



(1) FEDERAL PROGRAMS:

PACE PROGRAM	(P.L. 89-10)	$ 156,664
PEP PROGRAM	(P.L. 89-10)	299,457
ACHIEVEMENT MOTIVATION	(P.L. 89-10)	32,171
COMPENSATORY EDUCATION	(P.L. 89-10)	39,528
NEIGHBORHOOD YOUTH CORPS	(P.L. 88-452)	177,655 (a)
TOTAL		$ 705,475

(a)To 10/31/68 only (Additional Grant for period of 11/1/68 to 6/30/69 estimated at $350,000)

MAJOR CLASSIFICATIONS OF SOURCES OF SUPPORT AND EXPENDITURES AND RESERVES	TOTAL COMBINED BUDGET	COORDINATION AUDIO-VISUAL LIBRARY, BRITE, ETC. J72A	CONTRACT SERVICES DATA PROCESS, ETC. J72B	SPECIAL EDUCATION PROGRAMS: DAY CARE CENTER J72C	PHYSICALLY HANDICAPPED J72C	TRAINABLE MENTALLY RETARDED J72C	JUVENILE HALL AND GLENDALE J72C	REGIONAL OCCUPATIONAL CENTER J72C	COUNTY GENERAL FUND (Single Budget): COUNTY BOARD OF EDUCATION J72E	CO. COMM. ON SCHOOL DISTRICT ORGANIZATION J72E	PERSONNEL COMMISSION J72E	SUPT. OF SCHOOLS, HOUSING, ACCTG., PAYROLL, ETC. J72E	FEDERAL PROGRAMS ALL (1) J72F	OTHER SPECIAL EDUCATION FUNDS J72C
SOURCES OF SUPPORT:														
NET BEGINNING BALANCE (7/1)	472,490	xxxx	xxxx	xxxx	138,407	130,905	61,995	25,815	xxxx	xxxx	xxxx	89,970	24,896	502
STATE TAXES	1,611,493	504,317	1,100	—	654,217	351,354	100,505	—	—	—	—	—	—	—
DISTRICT TAXES	991,001	134,900	136,151	—	171,950	128,000	—	—	—	—	—	—	—	—
COUNTY TAXES	1,940,070	15,000	92,500	125,864	216,160	176,827	247,500	170,840	185,937	1,801	22,962	521,593	—	163,086
FEDERAL GRANTS	713,924	—	—	—	—	—	—	33,345	—	—	—	—	680,579	—
MISCELLANEOUS	22,806	6,568	10,850	—	2,120	3,268	—	—	—	—	—	—	—	—
TOTAL	5,351,784*	660,785	260,601	125,864	1,182,854	790,354	410,000	230,000	185,937	1,801	22,962	611,563	705,475	163,588
EXPENDITURES AND RESERVES:														
.110 CERTIFICATED SALARIES	1,842,407	263,347	16,700	9,073	517,014	334,070	316,835	54,542	61,260	—	—	49,773	219,793	—
.120 CLASSIFIED SALARIES	1,020,442	173,016	100,621	54,298	154,605	97,347	21,683	24,519	42,373	150	12,629	244,580	94,621	—
.130 ENROLLEES' WAGES	162,270	—	—	—	—	—	—	—	—	—	—	—	162,270	—
.150 BOARD MEMBERS' SALARIES	2,800	—	—	—	—	—	—	—	2,080	—	720	—	—	—
.200 TRAVEL AND CONFERENCE	108,381	17,115	2,250	333	10,999	6,474	2,700	5,121	10,703	850	1,754	6,907	43,175	—
.320 REPLACEMENT OF EQUIPMENT	23,493	8,948	—	675	5,705	1,465	—	—	—	—	—	6,700	—	—
.330 RENTAL & MAINT. OF BUILDINGS	199,566	—	—	9,716	76,107	42,092	—	9,909	—	—	—	33,836	27,906	—
.330 RENTAL OF EQUIPMENT	90,355	—	80,828	—	—	—	—	3,971	—	—	—	—	5,556	—
.330 OTHER OPERATING EXPENSE	328,024	39,877	40,556	3,705	42,738	38,230	7,200	11,719	57,345	801	6,365	169,602	109,866	—
.350 TRANSPORTATION OF PUPILS	395,784	—	—	38,438	209,860	143,868	—	490	—	—	—	—	3,128	—
.360 RETIRE. & INS. COSTS (Employee)	229,110	36,357	14,136	7,862	46,425	29,208	16,105	5,346	8,946	—	1,494	32,720	30,511	—
.400 CAPITAL OUTLAY - Equipment	76,289	7,125	5,510	1,764	17,965	26,271	—	2,455	3,210	—	—	3,340	8,649	—
.410 CAPITAL OUTLAY - Fix.	115,000	115,000	—	—	—	—	—	—	—	—	—	—	—	—
CHILDRENS' INSTITUTION TAX	64,343	—	—	—	—	—	—	—	—	—	—	—	—	64,343
NON-IMMIGRANT TUITION TAX	86,694	—	—	—	—	—	—	—	—	—	—	—	—	86,694
EXCEPT. CHILDREN BLDG. TAX	12,551	—	—	—	—	—	—	—	—	—	—	—	—	12,551
.900 RESERVES	394,275	—	—	—	101,436	71,329	43,477	111,928	—	—	—	64,105	—	xxxx
TOTAL	5,351,784*	660,785	260,601	125,864	1,182,854	790,354	410,000	230,000	185,937	1,801	22,962	611,563	705,475	163,588

*As of 9/15/68

Part II

BUDGET PREPARATION AND APPROVAL FOR A CALIFORNIA SCHOOL DISTRICT

Introduction

The typical school district budget is both a reflection of the rigidities of the system and a contributor to those rigidities. Upon becoming budgeted, a position or activity tends to gain some sort of sanctity leading toward everlasting life. It is printed in the budget; therefore, it must be right. Such rigidities tend to make budget building a routine exercise in up-dating present programs.

Though instituting new programs and meaningful improvement in instructional methods and activities are limited because of budget rigidities, most districts nevertheless annually go through the motions of encouraging their staffs toward change. The district is structurally organized to motivate efforts to change. Curriculum directors, curriculum committees, workshops, travel and convention expenses are used by a district to facilitate change. Yet, too frequently, any meaningful recommendation resulting from their efforts encounters budget limitations that block implementation.

The money problem faced by the typical school district is due mainly to the local district's lack of control over income. In California, income is derived almost entirely from (1) local taxes and (2) State apportionment based upon the current budget year's ADA.

All budget directors and other school administrators are well aware of textbook and university teachings regarding the ideal way of building a budget. But every middle-sized California district makes only token effort to budget in the classical way; first describing its version of the ideal, and then trimming to meet the realities of the present. The usual method is to estimate income for the coming year and to attempt to do the best possible within that limit.

Legally ordained taxing limits and formula controlled State funds determine the amount of revenue that a district may anticipate. Once these amounts are estimated, for all practical purposes--that is it! Districts do scramble for Federal grants and loans of various kinds, and there are other minor sources of income, but in most cases these have not been so significant in amount as to materially affect programs.

Complicating the problem for the budget director, the district's assessed valuation is not known until well into July, by which time employment and other contracts, and commitments in other areas of the budget have been made. Usually, little can be done to significantly alter a budget after July 1. Therefore, the better the guess at assessed valuation, the better the budgeting can be.

The same applies to ADA. The ADA upon which State funds have been based is not finally known until the school year is almost over. Assignment of personnel and allocation of money throughout the expenditure budget derive from projected enrollment and ADA. A poor estimation of ADA therefore will result in a compounding of trouble for the district: overhiring of personnel and over-appropriating expenditures otherwise, and underachieving income. The budget director uses all possible sources of information in developing his bases for projecting assessed valuation and ADA.

Budgeting Expenditures and Income

Through the years a district adopts formulas for assigning funds to various activities. In many cases the formula is administratively ordained to simplify budgeting. In other cases, the formula is so important philosophically that it is adopted by the Board as a matter of policy. The class size policy is of such importance. In most cases the formula has resulted from recommendation by committees or groups most able to judge. Some examples of budget items established by formula are:

replacement of classroom typewriters and other equipment
purchase of texts and other books
allocation of money to be spent for supplies
purchase and replacement of buses
allocation of personnel

Once adopted, codified and published for all to see and use, formulas tend to simplify the budgeting process and to remove large areas of it, as much as possible, from contention and haggling. Of course, the list requires continuous review. It is the responsibility of the budget director to maintain the list and to make the additions, deletions and changes as they are approved by the superintendent's council and/or Board.

Salaries and wages are approximately 85% of a school district's total general fund budget. Since the number of employees in the various functions is based upon projected enrollments, it is most important that the projections be fairly accurate. As has been stated, great care is taken in making the projections. Projections by school and other relevant categories are brought to the superintendent's council by the budget director. There the projections are reviewed. After discussion involving events and trends that might alter predictions for particular areas, the superintendent's council adopts a projected enrollment for each school and special program. These projections are

the basis for applying formulas for budgeting of personnel and expenditures.

If salary proposals are not known at the time the study draft is run, they may be anticipated. Frequently, the budget director will use alternate totals, showing the effect upon the budget of various salary schedules.

Soon after the opening of the Fall term, time having been allowed for enrollments to stabilize and for schools to have been operating normally, principals and division heads are asked to submit budget requests for the following year. This is done by sending to each person concerned, a budget request sheet for each account over which the person has some discretionary influence. A date is set for the return of one copy to the budget director. Meanwhile, the budget director tries to make himself available to those who wish his help in listing their requests.

Upon each sheet will be listed requests for the coming year, with estimated cost of each item or service. If, in a budget class, no change is suggested from the previous year's budget, that is noted on the sheet returned with the others. Extra blank sheets are available for newly recommended programs and accounts.

When all sheets have been returned, a card is punched for each item requested. The punched cards are blended with the budget cards previously produced from information originating from the budget director's office.

After all accounts are returned and all cards punched, the first or "study" draft of the budget is produced for the superintendent's council.

Happy is the school district whose income is sufficient to satisfy all the needs expressed in the study draft. But, as has been noted previously, this is highly unlikely. More likely, at this point, the council finds that expenditures exceed income, and that budget trimming is necessary. If so, the budget director is asked to consult with the appropriate persons

and attempt to reduce expenditures by one or more of the following means:

search for errors and duplications
search for items of non-instructional nature that might be reduced or eliminated
review formulas for assigning non-instructional personnel and recommend certain assignments below the formula
try to negotiate the postponement or elimination of replacement and capital outlay requests
apply priority ratings where possible

If, after the budget director has reduced expenditures in every manner available to him, a deficit still remains, the council must again attack expenditures. Further cutting can be done only by altering educational programs, existing or proposed, or by changing the pupil-teacher ratio. This takes time and study. The council members must confer with their staffs and advisors, so that the most beneficial programs and activities will survive.

Electronic data processing (EDP) has reduced greatly the sheer labor connected with budget making. Budgeting for expenditures is made remarkably easy by EDP. A classification code having been developed, a card is punched for every line item of the budget. The card contains formula information or salary placement information where applicable for easy check by those interested. If coded for the purposes, the cards may be easily sorted by school and department, division, program, project, or other category and printouts quickly made.

The budget director, immediately after adoption of one year's budget, begins work on the budget for the following year. Using a printout of the current year's budget, he adds, deletes and substitutes as new information becomes available. A new budget run, with the latest subtotals, major totals and grand totals becomes the work of minutes with EDP.

Roles of Individuals and Groups in Budget Making

The typical school district is quite willing to spend money for an individual teacher to increase his effectiveness. Every teacher is encouraged to broaden his interests and horizons, increase his knowledge in his subject field and otherwise increase his effectiveness as a teacher. This is done through the granting of sabbatical leaves and by salary inducement. Also, the district is organized so that every teacher is encouraged to contribute to the general improvement. He is encouraged to recommend and suggest to his department head any and all of his ideas for improving instruction. The recommendation might be an innovative technique, the purchase of an instructional aid or the reconstruction of a course. Any of these would probably have implications in the development of the next budget.

The department head is expected to encourage the free flow of ideas among the teachers in his department. He can facilitate instructional improvement by entertaining all suggestions and, after discussing them freely within his department, propose to his principal and/or to the district-wide department committee those that are believed to have value for district use. If the committee decides to recommend a new or innovative program, their proposal for its implementation should include its cost. The department head has other budget-connected functions. He participates in the allocation of instructional supply money among the departments and classes within the school.

The district's departmental committees participate in the budgeting process by recommending to the curriculum director:

experimental (pilot) programs and classes
workshops in curriculum development and other means of instructional improvement

changes in existing classes and programs
textbook policies
equipment to be used and policies regarding its maintenance
changes in the formulas to be used for budgeting expenditures
for supplies

Though still of minor impact on the budget, Federally sponsored and funded projects are becoming more important in the fiscal affairs of school districts. Almost every middle-sized district employs a project administrator whose time is either fully or partially given to processing applications for Federal grants. In encouraging the development of a project, he will work with teachers, departments, the curriculum director and others. He might have a place on the superintendent's council. He works closely with the budget director in developing the fiscal portion of the application and in assessing its effect on the district's budget. Since most Federal grants require matching district expenditure, the typical district must limit participation in Federal projects to a definitely fixed amount of local contribution.

The administrator of the curriculum program is responsible for recommending improvements of the instructional program. His recommendations are made to the superintendent's council. Necessarily, he should consult with the budget director so that his recommendation would be accompanied with costs that could be budgeted.

The school principal plays a very important role in the budgeting process. Adoption of budget proposals originated by teachers, department heads, and classified employees of his school depends upon his support in the superintendent's council. Of recommendations that come to him for budget approval, some will be denied by him at the school level, though this is usual only if the proposal is obviously unreasonable or organizationally not feasible. The tendency is to take all requests to the superintendent's council.

There, it is upon the quality of his support of an item that its success depends. A principal is likely to have a more forceful manner than others in the council, and there is a tendency to adopt that program for which there is a strong voice and to fail to adopt one if there is a strong voice against it.

After all, the school is "where it's at" and the principal has to live with it, so the principal is likely to place high priorities on those items that contribute to--or do not detract from--the smooth running of the school. This tends to mitigate against the adoption of programs that are drastically different from those that are in effect.

The budget director (business manager) is directly responsible for the administration of the current budget and for the preparation of future budgets. His primary budget responsibility is to keep the superintendent informed of income-expenditure trends, so that planning the district's educational future may take place with some assurance that the goals remain realizable.

The budget director gathers information that can best help him assess the factors that will affect future budgets; he is continually studying changes and trends that will affect the assessed valuation and the ADA, the most important determinants of income. He is continually projecting expenditure patterns.

The budget director and the superintendent constantly are in communication regarding both current and future budgets. Projections affecting future income and unusual expenses and requests are brought to the attention of the superintendent, who is therefore always aware of the state of the current budget and the effect of current events upon future budgets.

The superintendent's council is composed of the superintendent, his

assistants, principals, the business administrator and others as designated. In his council, the superintendent consults with the members on all aspects of the district's affairs. Though the council is formally organized for recording minutes and passing motions, the superintendent does have final authority for taking items to the Board with recommendation for approval and adoption. However, only in unusual cases--perhaps when his supposed superior knowledge of the means would influence his decision--is the superintendent likely to go against the wishes of his council.

Matters concerning the current and future budget are frequently discussed in the council and during budget building the superintendent relies upon the council for advice and decisions on most budget matters. The council has approved the formulas and factors that are the bases for allocating funds and personnel. Current and future programs are planned and reviewed, inequities righted and services expanded or contracted.

Policies of school districts are increasingly being influenced by increasingly active employee organizations. The employee organizations are very interested in the budget. Their paid staff employees and volunteer committees have been demanding budget information as it is released for internal review and are beginning to demand more participation in budget making. Already some districts are holding budget-study sessions and budget-making seminars with employee representatives. They find that cooperation tends to close a credibility gap that historically has caused distrust of the administration's fiscal policies.

Other groups have access to the Board for influencing budget decisions. Legally, the negotiating council may bring recommendations to the Board. Employee groups, citizens' committees and individuals have the right to appeal to the Board on matters that often have money implications.

ANNUAL BUDGET CALENDAR

September 30	Enrollment projections adopted by superintendent's council.
October 15	Budget request forms sent to principals and division heads.
November 10	Budget request forms returned to budget director.
November 10-15	Budget cards punched and study draft produced.
November 17	Study draft sent to superintendent's council.
November 17-December 1	Superintendent's council reviews, changes, approves a revised budget (to be first draft).
December 10	First draft returned to superintendent's council for check.
December 15	First draft sent to Board and distributed to principals, division heads, employee organizations.
December 15-January 15	Board studies budget.
January 15-February 15	Board entertains salary requests, other requests affecting the budget.
March 1	Board adopts salary schedule.
March 15	Second draft sent to Board. Second draft reflects latest Board approvals, latest information, up-dated projections.
March 15-June 25	Board kept informed of developing information affecting budget.
June 25	Tentative Budget adopted by the Board.
July 7	Publication Budget adopted by the Board.
August 4	Final Budget adopted by the Board.